

MINUTES OF THE REGULAR MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

9:00 A.M., WEDNESDAY, JANUARY 11, 2017

PRESENT: David Green, Chair

Shawn Kehoe, Vice Chair

Keith Knox

Ronald Okum

Diane Sandoval

Herman B. Santos

Michael Schneider

Kenneth Simril

Valerie Villarreal

ABSENT: Joseph Kelly, Secretary

STAFF ADVISORS AND PARTICIPANTS

Gregg Rademacher, Chief Executive Officer

Robert Hill, Assistant Executive Officer

Vache Mahseredjian, Interim Chief Investment Officer

Steven Rice, Chief Counsel

Jim Rice, Senior Investment Officer

Scott Zdrazil, Senior Investment Officer

Dale Johnson, Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

John Nogales, Director of Human Resources

Richard Bendall, Chief Audit Executive

Christina Logan, Internal Auditor

James Pu, Information Systems Manager

Aon Hewitt Consultant

Dan Weber, Director, Global Workforce Analytics at Radford

Meketa Investment Group

Stephen McCourt, Managing Principal

Goldman Sachs

Richard Quigley, Managing Director and Head of Hedge Fund  
Advisory Services

Stephanie Ivy Sanford, Managing Director

Bryan Perry, Vice President, Client Portfolio Solutions

I. CALL TO ORDER

The meeting was called to order a 9:16 a.m., in the Board Room of Gateway Plaza.

II. ELECTION OF OFFICERS (Election of Chair, Vice Chair, Secretary, and Audit Committee Member)

The election of officers was conducted by Chair Green:

A. Chair of the Board

Mr. Green was nominated to the position of Chair of the Board of Investments by Mr. Kehoe.

## II. ELECTION OF OFFICERS (Continued)

Hearing no other nominations, the Board voted with Mr. Simril abstaining and elected Mr. Green as Chair of the Board of Investments.

Chair Green announced that he was elected to the position of Chair of the Board of Investments.

### B. Vice Chair of the Board

Mr. Kehoe was nominated to the position of Vice Chair of the Board of Investments by Mr. Green.

Hearing no other nominations, the Board voted with Mr. Simril abstaining and elected Mr. Kehoe as Vice Chair of the Board of Investments.

Chair Green announced that Mr. Kehoe was elected to the position of Vice Chair of the Board of Investments.

### C. Secretary

Mr. Kelly was nominated to the position of Secretary of the Board of Investments by Mr. Green.

Hearing no other nominations, the Board voted with Mr. Simril abstaining and elected Mr. Kelly as Secretary of the Board of Investments.

Chair Green announced that Mr. Kelly was elected to the position of Secretary of the Board of Investments.

### D. Audit Committee Member

II. ELECTION OF OFFICERS (Continued)

Mr. Schneider was nominated to the position of Audit Committee Member by Mr. Kehoe.

Hearing no other nominations, the Board voted with Mr. Simril abstaining and elected Mr. Schneider as Audit Committee Member of the Board of Investments.

Chair Green announced that Mr. Schneider was elected to the position of Audit Committee Member.

III. PLEDGE OF ALLEGIANCE

Mr. Santos led the Board Members and staff in reciting the Pledge of Allegiance.

IV. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of December 14, 2016.

Mr. Santos made a motion, Mr. Kehoe seconded, to approve the revised minutes of the regular meeting of December 14, 2016. The motion passed unanimously.

V. REPORT ON CLOSED SESSION ITEMS

There was nothing to report.

VI. PUBLIC COMMENT

There were no requests from the public to speak.

VII. CHIEF INVESTMENT OFFICER'S REPORT

Mr. Mahseredjian provided a brief discussion on the Chief Investment Officer's Report.

## VIII. CONSENT ITEMS

Mr. Kehoe recommended that item XI. G be moved to Consent calendar.

Mr. Santos made a motion, Mr. Kehoe seconded, to approve the following agenda items including item XI. G. The motion passed unanimously.

- A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the African Pension and Sovereign Wealth Fund Leaders' Summit on May 2 – 3, 2017 in Johannesburg, South Africa and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.  
(Placed on the agenda at the request of Mr. Kehoe)  
(Memo dated December 28, 2016)
- B. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at the SuperReturn China Conference and Summit on April 24 – 26, 2017 in Beijing, China and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Placed on the agenda at the request of Mr. Kehoe)  
(Memo dated December 28, 2016)

## IX. NON - CONSENT AGENDA

- A. Recommendation as submitted by Joseph Kelly, Chair, Audit Committee: That the Board adopt the Audit Committee Charter (*Revised December 28, 2016*). (Memo dated December 29, 2016)

Mr. Bendall and Ms. Logan were present and answered questions from the Board.

Mr. Schneider made a motion, Ms. Sandoval seconded, to approve the agenda item. The motion passed unanimously.

IX. NON - CONSENT AGENDA (Continued)

B. Recommendation as submitted by Joseph Kelly, Chair, Audit Committee: That, if the revised Audit Committee Charter is adopted, the Board of Investments act to:

- (1) Adopt amendments to the Los Angeles County Salary Ordinance, County Code, Section 6.127.040, on LACERA's MAPP Program, to permit implementation of the Audit Committee Charter
- (2) Provisions relating to personnel matters concerning the Chief Audit Executive; and
- (3) Direct staff to submit the Salary Ordinance amendments to the Board of Supervisors for adoption.

(Memo dated December 27, 2016)

Mr. Steven Rice and Mr. Bendall were present and answered questions from the Board.

Mr. Kehoe made a motion, Mr. Schneider seconded, to approve the agenda item. The motion passed unanimously.

C. Recommendation as submitted by Vache Mahseredjian, Interim Chief Investment Officer: That the Board adopt the Revised Investment Policy Statement. (Memo dated December 29, 2016)

Mr. Mahseredjian was present and answered questions from the Board.

Mr. Santos made a motion, Mr. Schneider seconded, to approve the agenda item including revision on the last bullet on page 10 under the Duties of the Investment Staff section to require the concurrence of the CEO and the Chair of the Board of Investments for

IX. NON - CONSENT AGENDA (Continued)

actions not otherwise specifically delegated. The motion passed unanimously.

D. Recommendation as submitted by Robert Hill, Assistant Executive Officer; John Nogales, Director of Human Resources; and James Pu, Chief Information Officer: That the Board:

1. Approve the following new information technology classifications:
  - Chief Technology Officer, LACERA, LS15
  - Chief Information Security Officer, LACERA, LS14
  - Information Technology Manager I, LACERA, LS11
  - Information Technology Manager II, LACERA, LS12
  - Information Technology Specialist I, LACERA, 114A
  - Information Technology Specialist II, LACERA, 119C
2. Approve revising the following information technology classifications to adjust salaries to market levels:
  - Information Systems Manager, LACERA, from LS13 to LS17
  - Assistant Information Systems Manager, LACERA, from LS11 to LS12
3. Direct staff to submit to the Board of Supervisors the required ordinance language to implement the new and revised information technology classifications by amending the Los Angeles County Salary Code Sections 6.28.050 and 6.127.010, allowable by the County Employees Retirement Law of 1937 Section 31522.1

(Memo dated December 30, 2016)

Mr. Hill, Mr. Nogales, Mr. Pu and David Weber of Aon Hewitt were present and answered questions from the Board.

IX. NON - CONSENT AGENDA (Continued)

Mr. Santos made a motion, Ms. Sandoval seconded, to approve the agenda item. The motion passed with Mr. Knox voting no.

- E. Recommendation as submitted by Scott Zdrazil, Senior Investment Officer: That the Board of Investments nominate Dale Johnson, Investment Officer, for re-election to the Board of Directors of the Council of Institutional Investors.  
(Memo dated December 30, 2016)

Mr. Zdrazil and Mr. Johnson were present and answered questions

from the Board.

Mr. Santos made a motion, Ms. Sandoval seconded, to approve the agenda item. The motion passed unanimously

- F. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board review the 2017 meeting calendar and reschedule meeting dates as needed and provide direction to staff with regard to scheduling a mid-year Board of Investments offsite meeting date and location. (Memo dated December 30, 2016)

Mr. Rademacher was present and answered questions from the Board.

Mr. Santos made a motion, Mr. Kehoe seconded, to reschedule the March 8, 2017 Board of Investments meeting to Monday, March 6, 2017; reschedule the September 13, 2017 Board of Investments meeting to Monday, September 11, 2017; reschedule the November 8, 2017 Board of Investments meeting to Thursday, November 2, 2017; and to combine the mid-year Board Offsite and the July Board of Investments meeting



IX. NON - CONSENT AGENDA (Continued)

for Wednesday, July 12, 2017. The motion passed with Mr. Simril abstaining.

- G. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Board approve attendance of Board members at private equity manager meetings on March 3, 2017 in London, England following the SuperReturn International Conference and Summit in Berlin, Germany and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy. (Memo dated December 28, 2016)

This item was moved to consent item VIII.

X. REPORTS

- A. Hedge Fund Performance Report: Third Quarter 2016  
Alternative Investments and Manager Selection Group at Goldman Sachs Asset Management  
Richard Quigley, Managing Director and Head of Hedge Fund Advisory Services  
Stephanie Ivy Sanford, Managing Director  
Bryan Perry, Vice President, Client Portfolio Solutions  
James Rice, Senior Investment Officer  
(Memo dated December 29, 2016)

Mr. Jim Rice and Mr. Quigley, Ms. Ivy and Mr. Perry of Goldman

Sachs, provided a brief presentation and answered questions from the Board.

- B. Monthly Status Report on Board of Investments Legal Projects  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated January 3, 2017)
- C. Chief Executive Officer's Report  
(For Information Only) (Memo dated January 3, 2017)

XI. REPORT ON STAFF ACTION ITEMS

There was nothing to report.

XII. GOOD OF THE ORDER

(For information purposes only)

The Board and Mr. Rademacher welcomed Mr. Okum to the Investments Board.

Mr. Rademacher reminded the Board of the upcoming four-day Board Offsite.

Mr. Rademacher provided an update to the Board regarding the Chief Investment Officer search.

XIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 11:16 a.m.

Green Folder Information (Information distributed in each Board Members Green Folder at the beginning of the meeting)

1. LACERA Board Offsite Agenda (For Information Only)  
(For Information Only) (Memo dated January 10, 2017)

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JOSEPH KELLY, SECRETARY

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DAVID GREEN, CHAIR